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February 11, 1999

**YEAR 2000 READINESS DISCLOSURE**

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**GM's Year 2000 Statement****YEAR 2000 READINESS DISCLOSURE**

Given the scope and detail of our efforts, GM anticipates no problems with past, current, or future model vehicles, and no significant disruption of GM's business as a result of the Year 2000 problem.

- GM is executing a comprehensive plan to make GM Y2K ready.
- The plan includes inventory, assessment, remediation, system testing, implementation, readiness testing, and contingency planning.
- GM is working to maintain uninterrupted electronic communications with its dealers, suppliers and other companies with whom it does business.
- Comprehensive Supplier Y2K Readiness is a vital part of the program.
- All systems were remediated in 1998 with the exception of a few that will be completed in early 1999.
- Testing will occur throughout 1999 to confirm GM's year 2000 readiness.

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May 12, 1999

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[UPDATE PATH](#)**Is my vehicle going to be okay?****YEAR 2000 READINESS DISCLOSURE****Is my GM vehicle going to be affected by the Year 2000?**

April 9, 1999

**Subject: GENERAL MOTORS YEAR 2000 READINESS DISCLOSURE**

Dear Valued General Motors Customer or Vehicle Buyer Prospect:

Thank you for your inquiry concerning the "Year 2000" readiness of General Motors passenger cars and trucks.

Among our earliest priorities was the analysis of the electronics in our passenger cars and trucks. GM's passenger cars and trucks have microprocessors which, depending on the vehicle, are used for powertrain management, automatic climate control, anti-lock braking systems, traction control, stability enhancement, driver information centers, supplemental inflatable restraint systems, head-up display, real-time damping, navigation systems, seat, steering column and mirror memory positioning, remote keyless entry, entertainment systems, interior and exterior lighting systems, entry control, cellular communications and anti-theft systems.

We have analyzed the microprocessors in our current and planned

<http://www.gm.com/about/info/news/y2k/story.html>

5/19/99

models. Additionally, we have checked the processors in past models dating back to when we first started installing "date processing-capable" microchips in our cars and trucks. We found most of these electronic systems have no date-related functionality and, therefore, pose no Year 2000-related problems. Those few systems that have date-related functionality were found to be Year 2000 ready.

In addition to our products, our program addresses critical computing systems that serve our financing and insurance customers, to minimize the potential for Year 2000 glitches that could cause inconvenience to our customers. Finally, we are working closely with our dealerships to minimize any inconvenience in connection with sales and servicing of your GM vehicle. Additional information about GM and the Year 2000 program is available on GM's public web-site at [www.gm.com](http://www.gm.com).

Given the scope and detail of our efforts, GM anticipates no problems with past, current, or future model vehicles, and no significant disruption of GM's business as a result of the Year 2000 problem.

I trust this addresses your questions.

Regards,

*The Year 2000 Program Office*

North America Vehicle Sales, Service & Marketing

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North America

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## What GM is Doing

### YEAR 2000 READINESS DISCLOSURE

#### GM's Year 2000 Program

Many computerized systems and microprocessors that are embedded in a variety of products either made or used by GM have the potential for operational problems if they lack the ability to handle the transition to the Year 2000. Because this issue has the potential to cause disruption of GM's business operations, GM has developed a comprehensive worldwide program to identify and remediate potential Year 2000 problems in its business information systems and other systems embedded in its engineering and manufacturing operations. Additionally, GM has initiated communications and site assessments with its suppliers, its dealers and other third parties in order to assess and reduce the risk that GM's operations could be adversely affected by the failure of these third parties to adequately address the Year 2000 issue.

One of GM's first priorities was the analysis of microprocessors used in GM passenger cars and trucks. This review included all current and planned models as well as the electronics in older cars and trucks produced during the period of approximately the last 15 years. GM began installing microchips capable of processing date information approximately 15 years ago. Most of the processors reviewed have no date-related functionality, and accordingly have no Year 2000 issues. Of the vehicles with processors that perform date-related functions, none have any Year 2000 issues.

GM's Year 2000 program teams are responsible for remediating all of GM's information technology and embedded systems. Information technology principally consists of business information systems (such as

mainframe and other shared computers and associated business application software) and infrastructure (such as personal computers, operating systems, networks and devices like switches and routers). Embedded systems include microprocessors used in factory automation and in systems such as elevators, security and facility management. GM's Year 2000 program includes assessment and remediation services provided by Electronic Data Systems Corporation (EDS) pursuant to a Master Service Agreement with GM.

The Year 2000 program is being implemented in seven phases, some of which are being conducted concurrently:

**Inventory** -- identification and validation of an inventory of all systems that could be affected by the Year 2000 issue. The inventory phase commenced in earnest in 1996 and is substantially complete. It has identified approximately 7,600 business information systems and about 1.7 million infrastructure items and embedded systems.

**Assessment** -- initial testing, code scanning, and supplier contacts to determine whether remediation is needed and developing a remediation plan, if applicable. The assessment of business information systems is substantially complete and included a determination that about one quarter of such systems should be regarded as "critical" based on criteria such as the potential for business disruption. The assessment of infrastructure items and embedded systems was substantially completed by the end of 1998.

**Remediation** -- design and execution of a remediation plan, followed by testing for adherence to the design. GM has substantially completed the remediation of its critical and non-critical systems. A small number of systems will be remediated or replaced in 1999. Unimportant systems have been and will continue to be removed from GM's Year 2000 inventory and will not be remediated. GM believes that it will meet its targets for Year 2000 readiness. In the normal course of its business plans, GM's Delphi Automotive Systems unit is incrementally implementing enterprise software that will replace and thereby eliminate the need to remediate certain existing systems. Implementation of this software at several Delphi sites is scheduled for completion in the first quarter of 1999, and another Delphi site implementation is not expected to be complete until July 1999.

**System Test** -- testing of remediated items to ensure that they function normally after being replaced in their original operating environment. This phase is closely related to the remediation phase and follows essentially the same schedule.

**Implementation** -- return of items to normal operation after satisfactory performance in system testing. This phase follows essentially the same schedule as remediation and system testing.

**Readiness Testing** -- planning for and testing of integrated systems in a Year 2000 ready environment, including ongoing auditing and follow-up. Readiness testing is currently underway. This phase commenced during the fourth quarter of 1998 and is expected to be the major focus of the Year 2000 program throughout 1999.

**Contingency Planning** -- development and execution of plans that narrow the focus on specific areas of significant concern and concentrate resources to address them. GM currently believes that the most reasonably likely worst case scenario is that there will be some localized disruptions of systems that will affect individual business processes, facilities or suppliers for a short time rather than systemic or long-term problems affecting its business operations as a whole. GM contingency planning will continue to identify systems or other aspects of GM's business or that of its suppliers that it believes would be most likely to experience Year 2000 problems. GM contingency planning will also address those business operations in which a localized disruption could have the potential for causing a wider problem by interrupting the flow of products, materials or data to other operations. Because there is uncertainty as to which activities may be affected and the exact nature of the problems that may arise, GM's contingency planning will focus on minimizing the scope and duration of any disruptions by having sufficient personnel, inventory and other resources in place to permit a flexible, real-time response to specific problems as they may arise at individual locations around the world. Some of the actions that GM may consider include the deployment of emergency response teams on a regional or local basis and the development of plans for the allocation, stockpiling or re-sourcing of components and materials that may be critical to our continued production. Specific contingency plans and resources for permitting the necessary flexibility of response are expected to be identified and put into place commencing in mid-1999.

GM's communication with its suppliers is a focused element of the assessment and remediation phases described above. GM is a leading participant in an industry trade association, the Automotive Industry Action Group, which has distributed Year 2000 compliance questionnaires as well as numerous awareness and assistance mailings to about half of the 100,000 supplier sites that supply GM throughout the world. Responses to these questionnaires, which were generally sent to GM's principal suppliers, have been received from about half of the supplier sites to which they were sent. Many of the non-responding suppliers are communicating directly with GM on an informal basis. Additionally, GM has initiated its own review of suppliers considered to be critical to GM's operations, including more than 2,400 on-site assessments to date. These assessment efforts have been substantially completed with respect to the critical supplier sites. Based on its assessment activity to date, GM believes that a substantial majority of its suppliers are making acceptable progress toward Year 2000 readiness. GM has established a program to provide further assistance to suppliers that desire more input or that are believed to be at high risk of

noncompliance as a result of the foregoing assessment efforts. This supplier assistance program currently includes providing compliance workshops and remediation consultants to work with suppliers on developing and implementing their own remediation programs. GM's contingency planning efforts described above are also expected to address any critical suppliers that GM identifies as being at high risk of encountering Year 2000 problems.

GM is not relying entirely on the receipt of written assurances from suppliers with respect to their Year 2000 compliance. GM is also evaluating certain suppliers on a first-hand basis and seeking to enhance their likelihood of full Year 2000 readiness by actively assisting them with training and consultation regarding Year 2000 remediation projects. GM expects that information from our suppliers, written responses and interactions with them, will provide GM with a basis for further contingency planning and risk management.

GM also has a program to work with its independent dealers on their Year 2000 readiness. This program includes distributing materials that assist dealers in designing and executing their own assessment and remediation efforts. GM has also included Year 2000 compliance criteria as part of its established program for certifying that third-party business information systems properly interface with other systems provided to dealers by GM.

GM's direct Year 2000 program cost is being expensed as incurred with the exception of capitalizable replacement hardware and, beginning in 1999, internal-use software. Total incremental spending by GM is not expected to be material to the Corporation's operations, liquidity or capital resources.

In addition to the work for which GM has direct financial responsibility, EDS is providing Year 2000-related services to GM, as required under the Master Service Agreement. These services are being provided by EDS as part of normal fixed price services and other on-going payments to EDS. GM's current forecast is that its total direct expenditures, and the value of services performed by EDS attributable to GM's Year 2000 program, will be between approximately \$710 million and \$780 million for its entire Year 2000 program. Of this amount, GM currently expects its total Year 2000 direct spending to be between approximately \$450 million and \$520 million, with peak spending occurring in the last quarter of 1998, and early in 1999. This total direct spending estimate includes an additional payment of \$75 million that GM has agreed to pay to EDS at the end of the first quarter of 2000 if systems remediated by EDS under the Master Service Agreement do not cause a significant business disruption that results in a material financial loss to GM due to the millennium change. The estimated value of the services that EDS is required to provide to GM under the Master Service Agreement, attributable to work being performed in connection with GM's Year 2000 program, is approximately \$335 million.

GM incurred approximately \$40 million of Year 2000 expense during 1997 and approximately \$145 million in 1998. Also, the estimated value of services provided to GM by EDS during 1997 and 1998 under the Master Service Agreement that were attributable to work performed in connection with GM's Year 2000 program, was approximately \$260 million. Thus, the total direct expenditures by GM, and value of Year 2000-related services performed by EDS in 1997 and 1998, attributable to GM's Year 2000 program, amounted to approximately \$445 million.

Despite the incremental Year 2000 spending expected to be incurred throughout the Corporation, GM's current business plan projects continued declining information technology expenses. GM's total Year 2000 costs noted above do not include information technology projects that have been accelerated due to Year 2000, which are estimated to be approximately \$30 million.

In view of the foregoing, GM does not currently anticipate that it will experience a significant disruption of its business as a result of the Year 2000 issue. However, there is still uncertainty about the broader scope of the Year 2000 issue as it may affect GM and third parties that are critical to GM's operations. For example, lack of readiness by electrical and water utilities, financial institutions, government agencies or other providers of general infrastructure could, in some geographic areas, pose significant impediments to GM's ability to carry on its normal operations in the area or areas so affected. In the event that GM is unable to complete its remedial actions as described above and is unable to implement adequate contingency plans in the event that problems are encountered, there could be a material adverse effect on GM's business, results of operations or financial condition.

The foregoing discussion describes the Year 2000 program being implemented by GM and its consolidated subsidiaries other than Hughes. Information about the Year 2000 efforts of Hughes can be found in Exhibit 99.

Statements made herein about the implementation of various phases of GM's Year 2000 program, the costs expected to be associated with that program and the results that GM expects to achieve constitute forward-looking information. As noted above, there are many uncertainties involved in the Year 2000 issue, including the extent to which GM will be able to successfully remediate systems and adequately provide for contingencies that may arise, as well as the broader scope of the Year 2000 issue as it may affect third parties that are not controlled by GM. Accordingly, the costs and results of GM's Year 2000 program and the extent of any impact on GM's operations could vary materially from those stated herein.

Note: This information is an excerpt from GM's most current SEC filing.  
Access the SEC web site under the "GM's SEC Filings" section for

complete details.

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